



CALIFORNIA MATTRESS RECYCLING ADVISORY COMMITTEE

Helping to answer the question of what to do with that old mattress!

July 31, 2017

Ms. Heather Beckner
Ms. Nikki Castagneto
CalRecycle
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Sent via eMail

Subject: 2016 MRC Annual Report and 2018 Budget

Ms. Beckner & Ms. Castagneto,

On behalf of the California Mattress Recycling Advisory Committee (Committee), I would like to thank you for the opportunity for the Committee to comment on both the 2016 MRC Annual Report (MRC Report) and 2018 Program Budget (2018 Budget) related to the California Mattress Recycling Program (Program). While individual Committee members have comments that they may share that are specific to the part of the industry they represent on the Committee or specific to their organization, the comments below represent the views of the Committee members as a whole.

2016 Annual Report

Program Participation:

- There is no discussion in the MRC Report regarding the complications of getting solid waste facilities and similar sites signed up on the program. Some facilities have chosen not to participate due to economic reasons or otherwise. For some, they are making large profits by charging the public and not becoming an "MRC collection site". Profits can be as much as \$10-\$15/unit. It is the opinion of the Committee that there may need to be "mandatory program participation". This would basically require anyone that accepts mattresses at their facility be required to be part of the Program, or that facility must reject any mattresses. No more charging the public \$20-\$25/unit and then either sending them to a close by recycler or landfilling them. Either option, recycling or landfilling, averages approximately \$9-\$10 in cost to the facility in most cases. While slowly more facilities are joining the Program, the Committee acknowledges that the solution to this issue may require a legislative fix.

Market development issues:

- There is insufficient specificity regarding the level of effort (particularly funds spent) on market development. In the MRC Report, page 39 says the MRC "worked with a company that is exploring the extent to which post-consumer polyurethane foam can be converted back into some of its chemical constituents." What does "worked with" mean? Did the MRC fund the research? It does say, (page 39) the MRC "commissioned research" for market development of foam, fiber, pads, and wood. However, nothing specifies how much the MRC spent on these efforts. Why is R&D not an item in the budget? Is market development and product development research part of "Research Studies" on topics such as better methods of collection? Did the MRC sponsor any research conducted by a university? Did the MRC contract

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with manufacturers who are members of ISPA, and did those manufacturers have to fulfill research contracts with specific goals?

- On the bottom right of page 35 of the MRC Report, it says “MRC is researching alternate end uses for wood, such as compost and mulch.” Compost and mulch are conventional, not alternate, end uses for wood. What “research” is being conducted on this practice?
- The MRC Report (page 33 top right) refers to “reconstructing pallets” with wood from mattresses. Is any company in California currently doing this on a regular basis?
- • The “foam” category in the MRC Report (such as on page 32, bottom right graphic, and page 39, also bottom right) includes both latex and polyurethane. These have potentially different markets, with latex being potentially far more valuable. The industry should start viewing these as separate streams and develop markets for the latex, which one mattress manufacturer says is increasingly used in new mattresses and might be made into replaceable “comfort layers” if it could be removed and sterilized cost effectively.

Diversion method issues:

- The first paragraph on page 34 of the final report says MRC recyclers followed the waste management hierarchy, prioritizing source reduction. Did these recyclers do this by selling their best mattresses to refurbishers? Has the MRC encouraged or incentivized that practice? If not, how have they source-reduced mattresses? Has the MRC worked with manufacturers on “design for recycling,” material reduction, or making mattresses longer lasting (e.g., perhaps discouraging “no-flip” mattresses).
- On page 35 of the final report states “in California, biomass is considered recycling.” However, currently jurisdictions are restricted to only 10% of wood material diverted to biomass to count as recycling for AB 939 compliance purposes.
- On page 36 of the MRC Report it says mattresses were landfilled if they were “twisted.” Has the MRC identified any potential recycling methodologies for these units, such as shredding of complete units with downstream material separation?

Budget presentation:

- The table on page 32 has broad categories of spending, so it does not answer an important question. Of the \$1.3m spent on collection, the \$2.3m on transport, and the \$8.2m on recycling, how much was given to retailers, how much to manufacturers, how much to private waste facilities, how much to private collectors, and how much to public agencies? Can the MRC more specifically identify groups of recipients?
- As noted above, how much was spent on R&D, and how much on market development?
- Page 45 (top left) of the MRC Report states CalRecycle invoiced the MRC \$1,853,965 for “oversight” of the program. Did CalRecycle document their expenses? Can the MRC provide some more detail on the costs items under this expense. If not the MRC, can CalRecycle?

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2018 Budget

The Committee has significant concerns regarding the intent of the MRC to lower the consumer fee, even the small \$0.50/unit adjustment to the fee that is being proposed by the MRC. While the Program has been successful so far in its first full year of operation and a fairly large reserves exists from that first year of operation, there were some significant gaps in collection activity in certain areas of the state due to issues pointed out above under Program Participation and other logistical issues. With only 1.04M units recycled in 2016 and 3.84M sold, there were a significant number of units that were not recovered in that first year. As the Program matures, there will be a steady increase in the expenditures of the program with little to no increase in the revenues from the Consumer Fee if the MRC holds that fee at its current level. In the opinion of the Committee, this increased participation in the Program will steadily reduce that reserve to more prudent levels, while at the same time provide adequate funding should the recycling market suffer any significant setbacks due to commodity values or other aspects of the Program out of the control of the MRC or the recycling industry. If collection rates fail to improve significantly and reserves are therefore not depleted, more of the annual surplus of funding should be spent on increased payments to collectors, ranging from collection facilities to informal collectors and public agencies picking up illegally dumped mattresses.

As long as funding is not depleted by collection and processing incentives, more funding could be spent on market development. Page 19 of the draft report included an important fact that the final report showed in a pie chart (top of page 35) without explanation: "For the year, MRC-contracted recyclers in California on average recycled 64% of the weight of mattresses that they processed in 2016." With utilization rates that low and residual rates that high, diversion cannot reach targets. Based on this, market development seems crucial not just to increase the economic viability of continuing to divert easily-targeted materials, but also to find productive uses for the 36% of the average mattress that recyclers found to be unrecyclable.

For the reasons stated above, the Committee is recommending to CalRecycle that it not approve the lowering of the Consumer Fee at this time. The Committee is willing to reconsider this position after another full year or two of the program.

If you have any questions regarding any of the information provided above, please feel free to contact me or any of the Committee members.

Respectfully,



Doug Kobold
Committee Chair

Roles and Responsibilities of the Advisory Committee

Environmental Advocates

- Teresa Bui, Legislative and Policy Analyst, Californians Against Waste
(Kelly McBee is currently substituting for Teresa Bui)
- Heidi Sanborn, Executive Director, California Product Stewardship Council
(Chris Lester is currently substituting for Heidi Sanborn)

Solid waste industry

- Veronica Pardo, Regulatory Affairs Associate, California Refuse Recycling Council
- Curtis Michelini, Sr., President, Industrial Carting & Global Materials Recovery Systems

Local government

- David Goldstein, Recycling Market Development Zone Administrator, Ventura County
- Doug Kobold, Waste Management Program Manager, Sacramento County (**Chair**)
- Jo Zientek, Deputy Director, Environmental Services Dept., City of San José

Private representatives involved in the collection, processing, and recycling of used mattresses

- Don Franco, Jr., Vice President, Gateway Mattress Co., Inc.
- Terry McDonald, Executive Director, St. Vincent de Paul Society of Lane Co., Inc.
- Tchad Robinson, President, Blue Marble Materials

Other interested parties

- Sharron Bradley, CEO, North American Home Furnishings Association
(Lisa Casinger is currently substituting for Sharron Bradley)
- Mike Combest, Executive Vice President of Operations, The Sleep Train, Inc.